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U. S. CONGRESS. HOUSE COMMITTEE ON BANKING
AND CURRENCY

CLEAN MONEY

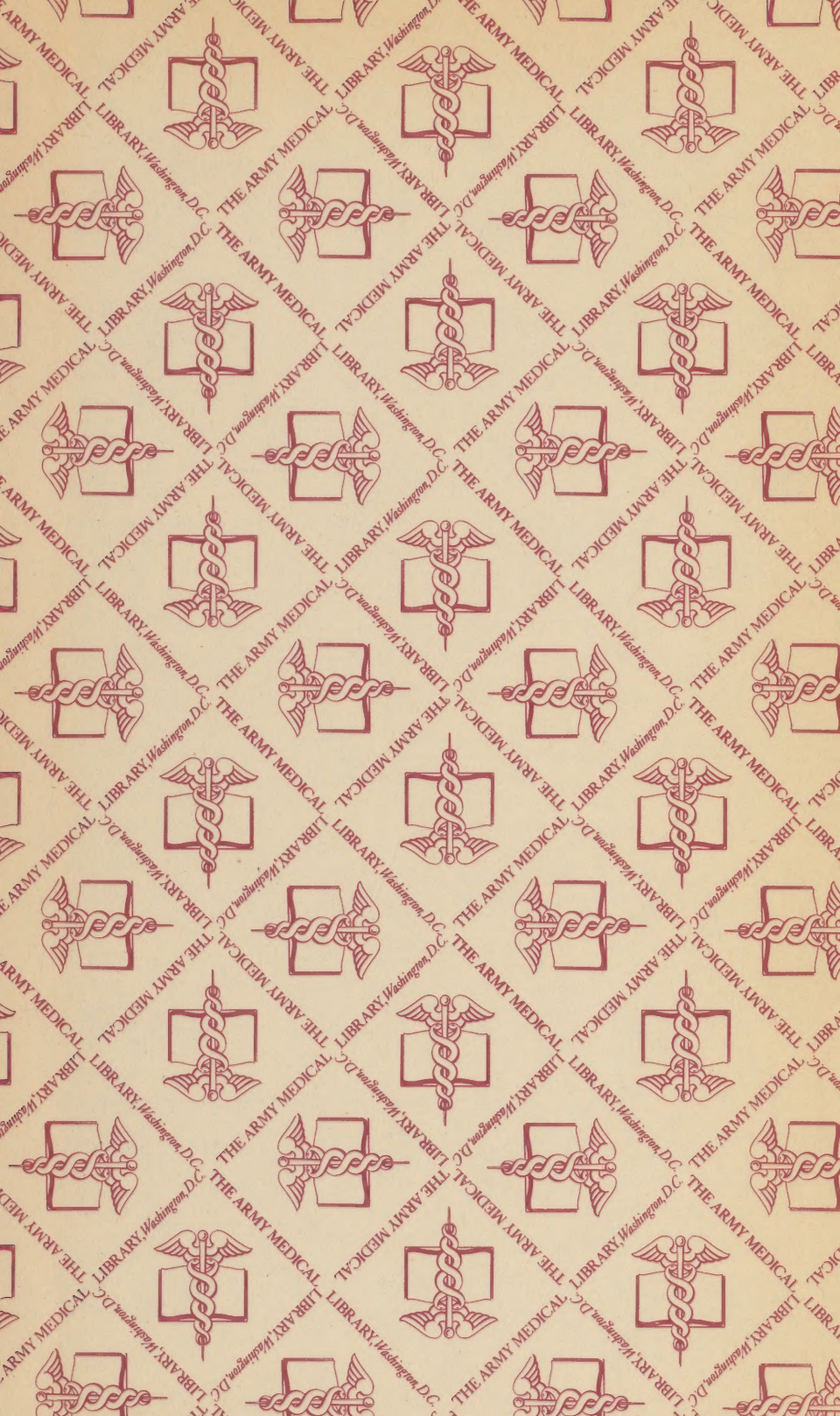
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CLEAN MONEY.

COMMITTEE ON BANKING AND CURRENCY,
U. S. HOUSE OF REPRESENTATIVES,
" *Wednesday, January 20, 1904.*

The committee met at 11 o'clock a. m., Hon. G. W. Prince in the chair.

The ACTING CHAIRMAN. Gentlemen of the committee, Mr. Hill was at one time a member of the committee, and he has presented to the committee a bill which he would like to be heard upon, and if there is no objection from the committee we will hear Mr. Hill.

Mr. CALDERHEAD. Mr. Gaines has a bill which has been referred to the committee, and Mr. Gaines is present and would like to have three or four minutes to state to the committee this morning his views.

STATEMENT OF HON. J. W. GAINES.

Mr. GAINES. This is bill 8568, for the purpose of compelling, not simply allowing, all national banks and all national depositories to send all nasty, dirty, and filthy money to the Treasury of the United States for redemption. The trouble now is this: The country is full of nasty, disease-breeding money. The scientists of the country tell me that it is disease-breeding. The Banking Association have indorsed this bill and nearly every banker wants it and a great many Members of the House and Senate have been urged to favor it because everybody needs it and everybody wants it. The trouble is that they have to pay the transportation, and the transportation is almost prohibitory, the prices are so high. For instance, at Nashville it is 60 cents per thousand. And on the main line of the carrier, the United States Express Company, it is 20 cents. In Connecticut it is 60 cents, so the Treasury people tell me, and in Nashville I know it is 60 cents, because I saw the bill.

The bill does not apply to national banks. They are allowed to send the money back, as anybody else is, and the only question in my mind is whether or not my bill, which does not include national banks, should be amended to include them. This bill includes United States notes. I did that for the sake of brevity; all paper currency issued by the United States. The bill should be amended so as to cover silver certificates, gold certificates, and greenbacks as well.

The trouble is, gentlemen, that the people and the banks have to pay these enormous transportation charges. It is the best contract that can be had. I looked into it, but I found that Democrats and

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Republicans both have continued that kind of a contract. The rate is probably 60 cents each way from Nashville. The same from Connecticut. It is about 20 cents from some other place, because it is on the main line. That is all there is in the bill. The regulations that now obtain in the Treasury are the regulations which I call for in the bill.

You will see somewhere in the proviso "That such definition shall include all United States notes that are soiled, stained, greasy, or otherwise unfit for circulation or are a menace to the public health, whether otherwise mutilated or not." I let the Treasury people say what is included in that and how many should be redeemed.

I went down to the bank the other day and found the cashier and talked with him, and he said that one of his customers had an examination made of a Cuban bill, that is a United States bill that had been to Cuba and come back, and that there had been 232 different kinds of microbes found on it. Now, when you remember that you carry money in your pockets, next to your flanks, where the laborer and the miner and the negro carry their money, down where they sweat, when they run their fingers down in their clothes to get the money their fingers stick right in the microbes. Then they pull their mustache or roll back their eyelashes or pick their teeth, and from such money there is no telling how many microbes you are getting into your mucous membrane which will breed disease.

Mr. SPALDING. Does your bill cover national-bank notes?

Mr. GAINES. No, sir. That is a question for you to decide. The Government helps to dirty them, and I think the Government ought to help clean them.

Mr. DANIELS. Why should it not apply to bank notes?

Mr. GAINES. I will say to the gentlemen that I intended it to apply to all paper money, but Mr. Roberts objected to it, and you all know that would be a formidable objection, but the Government helps to soil them and I think the Government ought to help clean them.

FRIDAY, JANUARY 29, 1904.

The subcommittee met at 1.30 o'clock p. m., Hon. William A. Calderhead in the chair.

In addition to the members of the subcommittee there were also present Mr. Goldfogle, of New York; Mr. Goulden, of New York; Mr. McCreary, of Pennsylvania; Mr. Gaines, of Tennessee; and Mr. Shober, of New York.

The CHAIRMAN (Mr. CALDERHEAD). Gentlemen, this is a very busy day in the House and I hesitated about calling the subcommittee together, but Doctor Darlington, president of the New York board of health, is here this afternoon, and he is also a very busy man and could not remain in the city, and I therefore thought it would be well to hear him at this time. We would now be glad to hear him on the subject of the necessity for some law providing for clean money.

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**STATEMENT OF DR. THOMAS DARLINGTON, PRESIDENT OF THE
BOARD OF HEALTH OF NEW YORK CITY.**

Doctor DARLINGTON. Mr. Chairman and gentlemen, I want to say first that when I came down here I did not expect to speak before any committee, because I did not think there would be any committee to hear me. I might find out something more about the bills before saying anything, but I am very glad of this opportunity, because this matter to me is one of very great importance. I would like to say, perhaps, now, that when I have finished the few remarks I have to make I would like the privilege of either editing the remarks or adding more to them when I have the result of the investigations we are now making in the New York Board of Health on this question. There are some investigations being made now in the bacteriological laboratory relative to bills and how far they do probably carry contagious diseases.

In the first place, surgery to-day has advanced very much, indeed, over what it was ten years ago and enormously over what it was twenty years ago.

The operations that are possible to-day were practically impossible twenty years ago. This is due to the fact that we recognize the agency of bacteria or germs in the production of disease. To-day we can perform a laparotomy or an operation for appendicitis with safety; twenty years ago the fatality from these operations was great. This change is simply because the surgeons of to-day have learned the importance of sterilizing their instruments and everything connected with the operation, the wound, and the treatment of the wound. The reason so many cases were fatal before they learned the importance of this treatment was because of the bacteria that entered the wound. So, it seems to me, if cleanliness is of such importance to surgery, if such enormous advances have been made in that science, we should extend that principle of cleanliness in other directions. We do not know just how scarlet fever or measles or smallpox is carried, because we have never seen the germs, but we do know they are contagious, and that contact, or contact with materials that have been handled or worn by persons with those diseases, will give those diseases to other people. But we do know about tuberculosis and diphtheria and erysipelas and gangrene and pneumonia, that these diseases are communicable, because we have seen the germs; and we also know from investigations that have taken place that these germs can be communicated by means of the sputum, from rags or clothes, and by means of the fingers.

Many a time when I have gone to a case of diphtheria or scarlet fever the child would not show me its throat. But for a penny the child would do it, and, I am sorry to say, many a time I have given children pennies to get them to show me their throat. And so whenever there is a bad dose of medicine to be taken parents often give their children, especially among the poorer classes, pennies or coins to make them show their tongues or take the medicine. These become covered with saliva and then go out into circulation. Of course this has nothing to do with bills, but I simply use that as an analogy. Now, these bills go out. If it is important to the surgeon not to touch his hand or face or moustache or anything of that kind to anything that may possibly be covered with germs when he does a surgical operation, and if germs picked up in these various ways can produce

disease, as they do, and create peritonitis, for instance, surely one must reach the conclusion that these bank bills carry a certain amount of contagion. Of course a great many times when germs lodge on these bills, no doubt they die in a short time, from exposure to the sunshine or air or in the natural course of their life, but the germs are there, and surely by analogy we ought to be able to stop a percentage of the contagious diseases if we eliminate this, probably one of the main arteries of carrying those diseases.

I want to say still further, although it has no bearing directly upon the bills, that this has been a plan of mine—to pick up the coins in New York City, for instance, in the great arteries of trade and sterilize them the same as we sterilize our instruments. This would be a further step toward eliminating the possibility of money carrying disease. It seems to me that if we can give the people clean money it will be a great advance.

I understand that something has been said about the cost of this legislation. If bills carry disease and cause contagious diseases in the large cities, as no doubt they do, think of the millions of dollars that are lost in that way. Take the matter of quarantine alone in the large city. In some cities when there is contagious disease the family is placed in quarantine and the wage-earner can not go out. So, too, children lose their schooling; they are kept in. The loss of wages, of course, is the great loss on account of the quarantine that is established in the case of contagious diseases. The small amount of money—the two or three hundred thousand dollars that it may require to see that the people have clean money—is nothing, even looking at it from a financial standpoint alone, because it will save many times this amount in the ways I have just mentioned. And will not the amount of contagious disease which is stopped by means of this method more than cover any expenditure the Government may make in that regard?

MR. THAYER. Have you any instance that you know of where you are satisfied that the contagious disease had been transmitted through the medium of filthy money?

DOCTOR DARLINGTON. I know special cases of this kind, yes; although of course one can not say positively. There is no way to know positively about such a thing, but we know it to a moral certainty. One of the surest cases is the case of bank tellers, men who have gone into banks and after handling bills for a while have been taken with tuberculosis and died from it. I know of three such cases, where men have contracted tuberculosis shortly after assuming their duties. They had the habit of wetting their thumbs with their tongues in order to moisten the bills as they counted them out.

MR. THAYER. Is it not a mooted question whether tuberculosis is transmitted, with all the advance of science; is not that a mooted question?

DOCTOR DARLINGTON. No; it is not disputed. The consensus of opinion is—you mean from generation to generation?

MR. THAYER. No; I mean from one person to another.

DOCTOR DARLINGTON. That is very well settled.

MR. THAYER. In our consumptive homes they say not.

DOCTOR DARLINGTON. Oh, no—

MR. THAYER. They say it is not well settled that consumption can be transmitted.

Doctor DARLINGTON. I came from a tuberculosis convention last night, and the men who composed this congress, and nearly all—I will not say all because there are a few who hold out to the contrary—but nearly all of the men of the Climatological Society, of which I have the honor of being vice-president—it is the national association which takes up this subject of tuberculosis—believe that tuberculosis is directly transmitted. It is principally given by expectorating on floors; then, after it is dried, sweeping that up.

Mr. THAYER. Where children sleep together and play together it is transmitted from one to the other?

Doctor DARLINGTON. That is possible. I used to go to the pest house and handle cases of smallpox and I never caught smallpox, which does not prove it is not contagious.

Mr. THAYER. I know it is a mooted question in Massachusetts, but my impression is that it is not fair to decide that it is transmissible that way.

Doctor DARLINGTON. Some maps which we had at the tuberculosis congress in Baltimore show that in some blocks in some cities there are many cases of tuberculosis, and it is transmitted and will be found in certain rooms of certain houses. The cases occur over and over again in those places. There is one block in New York City especially known as the "lung block," which we hope to have made into a park.

Mr. THAYER. You mean tuberculosis has occurred there for years?

Doctor DARLINGTON. Yes; and we hope to tear that down. There is no other way to get rid of it. You can not disinfect it.

I do not say positively that filthy money does it; but if it has been worth while to do this in the line of surgery—and the results have certainly shown that it was worth while—it is certainly worth while to see what the result will be by giving attention to cleanliness along other lines, and among them in the matter of the money which we all handle. There were representatives of all these societies at this tuberculosis congress last night, and they all agreed that tuberculosis is communicable—we will not say contagious—that it enters into a cut in the finger or in some sore, or through a man's eyes, or some similar way.

Not long ago I had this kind of a case come to my notice: I operated on a very bad tooth. I opened an abscess on the side of a jaw and let out the pus, and found it was filled with tubercular germs. You only have to go a little farther down through the lymphatic glands and these germs reach the lungs.

It is a mooted question whether it comes from tubercular milk or meat through the channel of the stomach, but it probably does in certain cases. That is where a person becomes very tired and there is no gastric juice in the stomach, which acts as a quarantine. Where that quarantine is abated by a lack of gastric juice, then it is probable that such meat or milk being taken into the stomach by a person who is tired, as I have said, will give him tuberculosis by absorption. That is probably the least frequent way. The principal way, in all probability, is by getting in condition first to take it and then having the dust, the tubercular sputum, floating in the atmosphere and breathing it into the lungs. Perhaps these germs strike upon some raw spot in the lungs. This is the principal way, in all probability, that tuberculosis is contracted. It is necessary to have a good

ground for it. We might illustrate that by a pile of rags. If you have a pile of rags covered with kerosene, they will burn just as quick as you apply a match, but no quicker. You have the germs there, you have the rags there, and as the rags will not burn until fire is applied, so it is not dangerous to sit alongside of a consumptive person. You will not contract consumption by simply breathing the air, but you have to have some of the dried saliva blown in your face.

MR. SHOBER. May I give an instance of the contraction of disease by germs in this way? I know of a young man 22 or 23 years old, of good health, who was a motorman on the Amsterdam avenue cars; he relieved a man, took the place of a man who got off the car. This is one of those cars with brass brake handles. In stooping down to loosen the brake in some way it slipped and hit him in the forehead, creating a wound and knocking him senseless for a moment. He was picked up and taken to the hospital and his wound was dressed, and he was released. It did not seem to be serious, but five or six days, or seven days, went by, and he found the wound did not heal and he went back to have it dressed again. They found that a decided syphilitic chancre had developed on the forehead, a most unusual place, and it could only have gotten there through his forehead coming in contact with that brake handle, which had been contaminated by a saliva from some previous motorman who had been there before this man. The history of the case was thoroughly investigated by the physicians in charge, and there was no other way to account for the chancre.

DOCTOR DARLINGTON. Such cases are very frequent. For instance, a clerk has been known to use a lead pencil and put it in his mouth and then lay it aside and his employer has come along and picked up that pencil and put it in his mouth, and in that way he caught syphilis.

MR. GAINES. Do I understand you to say that if the wife and children sleep with the consumptive husband that they will not contract tuberculosis?

DOCTOR DARLINGTON. Only in certain ways. You can not get it simply from breathing the same air, if everything is perfectly clean; if you follow all of the rules of hygiene you can not get it in that way; that is, you can not get it simply from the atmosphere.

MR. SHOBER. It is the dried sputum that carries the germ?

DOCTOR DARLINGTON. That is correct.

MR. GAINES. You know we have a fine corps of physicians in Nashville?

DOCTOR DARLINGTON. I know you have.

MR. GAINES. And the reason I asked the question is that I knew of such a case where two people, mother and child, came in contact with the husband and father, who had consumption, and the wife and child, who were as healthy as could be, both died from consumption. So did the father and husband.

DOCTOR DARLINGTON. They probably expectorated upon the floor.

MR. GAINES. Where a man who has consumption has his wife and his little child living with him in the same room and they breathe that air, you say that they will not get consumption?

DOCTOR DARLINGTON. They will not simply from the air if the rules of hygiene are observed. But when the consumptive coughs, even if it is what is called a dry cough, there is always something comes up; and that saliva is usually filled with these tubercular germs.

MR. THAYER. We have had considerable experience in Massachusetts and a good many experiments with bacteria there on animals and people, and several consumptive homes have been established. They have established a home within 8 miles of where I live and the people are up in arms because they intend to enlarge that and establish another home there. The people there are afraid of this disease being transmitted, and the question there is still a mooted one.

DOCTOR DARLINGTON. A properly conducted sanitarium is the safest place in the world.

MR. THAYER. The cattlemen say that it is not true, and there is a good deal of interest in it. The consumptives carry their little cups with them. They freeze it out first and then carry their cups with them and spit in them.

DOCTOR DARLINGTON. The floors are wiped up in those places and there is no dust. I have been connected with the Seaton Hospital for some years. There we had no dust whatever; all the mopping is done with a wet mop; all the sweeping is done with a wet mop, if you may term it so. Of course, so far as certain bacteria are concerned, bacteria of smallpox or scarlet fever or measles, we have no means of knowing just how they are communicated, but it is reasonable to believe that they may be carried in filthy money.

MR. THAYER. Is pneumonia transmitted that way, inoculated in that way?

DOCTOR DARLINGTON. Yes.

MR. THAYER. The same as these other diseases?

DOCTOR DARLINGTON. Yes, you have to have the underlying condition; you have to catch a cold or perhaps eat too much, or it may be from a lack of sleep.

MR. THAYER. The system must be weakened in some way.

DOCTOR DARLINGTON. The system must be weakened in some way before the bacteria will become planted upon it.

MR. GOLDFOGLE. It is so in typhoid fever?

DOCTOR DARLINGTON. Yes, it is.

MR. PUJO. Do you know of any well-authenticated case where bacteria or germs of any kind have been found on old bills?

DOCTOR DARLINGTON. Several articles have been written on that. As I say, I did not intend to have the matter brought to public attention quite so soon as this, but this bill made me think I should come right away. A week ago I started an investigation through Mr. Park, who is at the head of the bacteriological laboratory on Sixteenth street in New York—

MR. GAINES. The cause of me starting this clean-money move was that I went into one of our banks at Nashville to get some money. The bank gave me some dirty money, and I asked them to give me some cleaner bills, and they said, "Those are as good as we have." The teller wore goggles, and he told me that his eyes had gotten in that condition from handling those bills. "That is what has done it," he said. He told me that he had to constantly use an antiseptic there to wash his face and hands to avoid disease. They are always doing that now; they have to do that to prevent catching contagion from those dirty bills. So that is what started this "clean-money" move.

MR. GOLDFOGLE. Is not the danger increased in large cities where the lower class of people take their money directly from the sick room?

Mr. GAINES. Yes, that is one place where there is danger. One of the principal examples is the case of laborers carrying money in their pockets when they are working and sweating it through, and afterwards, after handling that money, they put their hands in contact with some portion of the mucous membrane of the body.

Doctor DARLINGTON. There was some investigation in the latter part of 1891 in regard to this subject, and something was published about it in the Medical Journal. For that reason, in 1892, I wrote an article for the Mail and Express, with which I was connected, and then we tried to get several Congressmen to introduce a bill. But I could not get any physicians to help back it up, and the consequence is the matter drifted, because at that time everyone said that tuberculosis was simply inherited. That is only eleven years ago, but there was not one physician in a hundred then that believed that tuberculosis was communicable, as we believe it is now.

Mr. McCREARY. When do you expect to publish your article as giving the result of your investigations on this subject?

Doctor DARLINGTON. I had not thought of publishing it.

Mr. McCREARY. When will you have it prepared?

Doctor DARLINGTON. I will have it prepared within a week.

Mr. McCREARY. Then you should include that in this statement before this committee.

Doctor DARLINGTON. I would be very glad to include the result of my investigations as a part of my statement.

Mr. GAINES. I hope you will go to the Treasury and get some of the dirty money and examine it.

Doctor DARLINGTON. I bought some for our laboratory the other day, and I think it was pretty rank; but we also took some new bills from consumptives.

Mr. GOLDFOGLE. As soon as you get the result of your investigation, you will add it to your statement?

Doctor DARLINGTON. Yes; I will be glad to, and I thank you very much for this opportunity. I want to say that I am very much interested in this matter, and personally I believe it is a matter of importance to every parent in the United States.

OFFICE OF THE COMMISSIONER OF HEALTH,
New York, March 10, 1904.

HON. JOHN W. GAINES,

House of Representatives, Washington, D. C.

DEAR SIR: I return by this mail typewritten report of the hearing before the Committee on Banking and Currency, and at the same time desire to add to that report the result of a partial investigation in the matter of money, as to whether or not disease is likely to be carried by bills, as follows:

Coins, glass, and paper were used for the purpose of determining whether germs would live upon them any length of time. Upon the coins (copper, nickel, and silver) diphtheria bacilli all died within forty-eight hours, while upon the glass and paper they were still alive, which proves that the metal had distinct antiseptic properties, while paper did not, so that bills would probably carry disease, while coins would only do so within a short period of time.

There were many other experiments relative to coins, which does not affect the bill before Congress, therefore I will limit further reference to that.

So far as paper money is concerned, it has no deleterious effect upon pathogenic bacteria. Dirty bills taken at random from stores show enormous numbers of bacteria upon them. Thus from the washings of one bill were obtained 335,000 bacteria; from another, 120,000. Two comparatively clean bills gave 2,260 and 2,000, respectively. Upon all of these *staphylococci* were found. Experiments in actually producing disease from these bills are not yet concluded, but it has been sufficiently demonstrated that money may carry disease.

I am, respectfully, yours,

THOMAS DARLINGTON, *President.*

COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Wednesday, February 10, 1904.

The Hon. W. H. Wiley, of New Jersey, appeared before the committee and made the following statement with reference to H. R. 4826, "to provide for clean paper money."

Mr. WILEY. Mr. Chairman and gentlemen of the committee, I did not propose to make a speech on this bill.

In the first place I have been stuffed full of oratory of other men and I have no room for any ideas of my own. I was impelled to introduce this bill from two motives, and if these do not appeal to the committee I suppose the bill must fail. The first is the one you have already had presented to you, together with data as to the amount of disease due to the circulation of these bills. The second is pure and simply a patriotic idea. I have been mortified time and again, and I think most everybody has, to have Englishmen come to this country and criticize the dirty money we hand out to them, when the Bank of England never issues a note twice. My answer has been, dirty as it was it was worth its face value, but, of course, that is only shirking the question.

I introduced my bill on the 24th of November; Mr. Gaines (of Tennessee) introduced his later, on the 27th of November.

The great thing is that the country should have the clean money. I went to the Comptroller of the Currency, before I introduced the bill at all, and asked for his ideas and for any suggestions he might wish to make. I bring these now to you, after consultation with him, with the statement that any amendment that this body (who know much more about it than I do) wish to make that will result in the passage of the bill I stand ready to accept without question, and with that I leave the bill to your tender mercies.

Mr. POWERS. The second section—

That in order to encourage the return of national-bank notes to the Treasury which are mutilated or soiled so that they are unfit for circulation, for the purpose of replacing them with new notes, so much of the national-bank act as provides for an assessment on national banks for the expenses of returning national-bank notes to the Treasury for redemption and assorting them is hereby repealed.

That is you mean in order to encourage the sending of them to the Treasury by banks who may receive them?

Mr. WILEY. Yes, sir.

Mr. POWERS. Now, if the banks return them there is a general assessment on the banks?

Mr. WILEY. Yes, sir.

Mr. POWERS. And that part is repealed, and the bank can send them in and ask for new money and the Government pays the express bill?

Mr. WILEY. Yes, sir; that is it exactly.

Mr. POWERS. That is opening quite a door to expense, is it not?

Mr. WILEY. Yes, sir.

Mr. POWERS. It must be a multiple of a thousand, not less than 500 or a thousand, for when I used to send government money it was arranged on these multiples. It cost just as much to send a five-dollar bill as it did to send 500 or a thousand, as the Government has a contract with the express company, or did at that time.

Mr. WILEY. It has now.

Mr. POWERS. The Government is going to pay for this?

Mr. WILEY. Exactly.

Mr. POWERS. If the Government pays for it under the same rule that it pays for all money sent to the Treasury Department, it has a contract with the express company, and that is based on a thousand or multiples of a thousand.

Mr. DANIELS. Does it repeal that?

Mr. POWERS. Now, here is the point. In order to hasten the return of this money the Government shall pay for all returns of money. I suppose the cashier of a bank throws out twenty or forty dollars and says, "I won't keep that any longer." He throws it in the express and under this bill the Government will be charged the same as for a thousand.

Mr. WILEY. The bill does not affect the relation of the Government to the express company at all.

The CHAIRMAN. As the law now stands you know the banks are afterwards assessed pro rata for their share. This bill removes the burden from the banks and transfers it to the Government.

Mr. DANIELS. The only question is whether you would have the privilege of putting it in in a thousand or two thousand?

Mr. POWERS. No; the Government charges you the same as if you sent that quantity.

Mr. DANIELS. There should be some provision that there should be a multiple.

Mr. WILEY. It is the small banks that circulate the dirty money in a much greater proportion than the large ones. Now, the object of this bill is to get them to send their money in. As it is now they stack up this stuff until they get quite a large amount and then send it in. This bill would allow them to send it in in much smaller quantities. It is the small banks that you have to bear in mind. They will send out the dirty money. You go to almost any large bank and present a check and get clean money, but the country banks give dirty money.

Mr. PADGETT. The second section provides for the return of mutilated or soiled national-bank notes; it seems to be limited to the issue of national-bank notes. Where is there any provision for the return of other forms of currency at the expense of the Government?

Mr. CALDERHEAD. There is none in the bill.

Mr. WILEY. "Legal-tender notes, national-bank notes, gold certificates, silver certificates, currency certificates, or any other kind of paper money of the United States shall be returned to the Treasury for redemption or for other purposes. They shall not be reissued at any time thereafter for any purpose, but shall be destroyed, under such regulations as the Secretary of the Treasury may prescribe, and new notes issued to replace them."

Mr. PADGETT. Should there not be some provision made so that they could be sent in when in that condition? As it is now, the bank would have to pay for the transportation of these forms of money to the Treasury and the exemption would only apply to the national-bank notes.

Mr. WILEY. That was not the intention; that is a slip.

Mr. PADGETT. I supposed that it was; I simply wanted to call your attention to it. I wanted to ask you if the bill would not fail to do that?

Mr. WILEY. I think now that it would.

Mr. ———. Now, there may be some bills that contain five times as many germs as others. Should there not be some limit on putting out this dirty money?

Mr. WILEY. I do not see how you could do that. I think you have to send them in. My idea was that the note should never be issued twice. This is the system followed by the Bank of England. A note is issued, and when it returns to the bank it is canceled and a new note issued.

Mr. POWERS. But it would make an expense that would be intolerable and excessive.

Mr. WILEY. I have gone into the question of expense. I had a talk with the Comptroller of the Currency and the Director of the Mint. I asked him about what it involved and he said \$100,000 a year.

Mr. SPALDING. This contemplates that every note of every kind that comes into the Treasury shall be destroyed and new ones issued. Now, we take a national-bank note; it gets into the Treasury here, and they destroy it. It necessitates their printing another note of that bank and sending it to that bank for the signatures of the officers, and contemplates that they will reissue it, I take it?

Mr. POWERS. They destroy it if they regard it in any way defaced and they print new bills and send them to you. The only purpose here is to let the Government pay the expense of sending them in.

Mr. WILEY. You must give them a stimulus or they won't do it.

The CHAIRMAN. This provides:

That whenever any legal-tender notes, national-bank notes, gold certificates, silver certificates, currency certificates, or any other kind of paper money of the United States shall be returned to the Treasury for redemption, or for other purposes, they shall not be reissued at any time thereafter for any purpose, but shall be destroyed, under such regulations as the Secretary of the Treasury may prescribe, and new notes issued to replace them.

Mr. POWERS. Now, unless they are mutilated or unfit for circulation they are reissued.

The CHAIRMAN. Yes; to-day.

Mr. POWERS. I understand you purpose to send, at the expense of the Treasury, and let any bank have the privilege of sending it. If they want to send in \$50 they can do so. Well, now, they will print them \$50 of these bills, if they are national-bank bills, at the expense of the bank they belong to, and send them to the bank. Under the present law the sending back will be at the expense of the banks.

Mr. PADGETT. Would not the effect of your bill be to require a new issue of every form of money that got into the Treasury?

Mr. WILEY. I think it would.

Mr. PADGETT. Whether soiled or unsoiled?

Mr. WILEY. Well, you can not discriminate.

Mr. PADGETT. Your plan would be that of the Bank of England, a new note for every one returned?

Mr. WILEY. Yes, sir.

Mr. McCREARY. How would you overcome the fact that the bank officers have to sign these notes?

Mr. WILEY. It does not change the status of that at all.

Mr. McCREARY. Well, they would have to be signing all the time.

Mr. SPALDING. They are not compelled to sign them all, are they; every new note?

Mr. POWERS. Oh, yes.

Mr. DOUGLAS. Is there any way of forcing them to send the notes in?

Mr. WILEY. There is a stimulus in this bill.

Mr. THAYER. Could there not be some way in which to leave this with the Secretary of the Treasury when it was absolutely necessary, or probably necessary that there should be a new note issued?

Mr. WILEY. Mr. Roberts, the Director of the Mint, is the one who settles that matter, but you see it is a loose way of doing business.

Mr. PADGETT. The only question is now that the banks having to pay the cost of transportation will not send it in. If you will remove that obstacle the Treasury will be able to handle the question.

Mr. DANIELS. The Gaines bill provides for \$1,000. Your bill provides that they can send it in in any denomination or amount.

Mr. WILEY. Yes; because, as I said, the small banks are the ones that issue the dirty money.

Mr. PADGETT. That could be reduced to a smaller minimum; it could be reduced to amounts of \$250 and multiples thereof.

Mr. WILEY. Well, gentlemen, if you want to put anything in this bill, I would be very glad to have it. My only object is to get the clean money before the people.

Mr. WEEMS. Did you make any inquiries as to the cost?

Mr. WILEY. The comptroller said \$100,000 per year, the probable cost for transportation, printing, etc.

Mr. POWERS. The expense of printing is very small; I can answer that. The principal expense is making the plates.

SUBCOMMITTEE NO. 1,
COMMITTEE ON BANKING AND CURRENCY,
Saturday, March 12, 1910.

Present: Messrs. McMorran (chairman), Guernsey, Heald, Pujo, and McHenry.

**STATEMENT OF HON. WILLIAM H. WILEY, A REPRESENTATIVE
FROM THE STATE OF NEW JERSEY.**

Mr. WILEY. This bill (H. R. 12333) has been called the clean-money bill, and was first introduced in the Fifty-eighth Congress. The point of the bill is very simple. It provides that when a bank note comes back to a bank it shall be sent to the Treasury Department independent of its condition, the object being to retire it as infectious currency. That is the principal object of the bill. There is another object, which is simply to preserve our national reputation by issuing clean bills, clean money, as the Bank of England does, and not keep in circulation filthy money, such as we get very largely in the South and West, as anyone who has been in that part of the country can confirm.

First, I want to take up the health feature of it, and I have some information upon that point.

Doctor Kellerman, of the Department of Agriculture, states that some recent literature on this subject shows that there was an average of 142,000 bacteria on 21 bills examined; that smallpox, diphtheria,

tuberculosis, scarlet fever, and possibly a few other contagious and infectious diseases can be transmitted through the use of paper money; and that practically all of the germs will produce disease if brought in contact with a wound or open surface.

But we all know that, for if a man should cut his thumb, then wet his fingers, as he often does in the handling of money, and get hold of an infected note, he, of course, is liable to injury.

I also have here an article by A. Cressy Morrison, of Chicago, Ill., entitled "The transmission of disease by money." It is reprinted from the Popular Science Monthly, of January, 1910.

Mr. McMORRAN. You may read it, Mr. Wiley.

Mr. WILEY (reads):

THE TRANSMISSION OF DISEASE BY MONEY.

The demonstration of a few of the avenues by which infection is transmitted is among the triumphs of modern experimental medicine. By its revelations cholera is now known to be mainly a water-borne disease; likewise it is recognized that typhoid is transmitted by those means by which the waste products of an infected individual are transferred either directly or in roundabout ways to the food of another; malaria is no longer thought to be wafted by the night air, but is known to be directly carried to and introduced into the system by the mosquitoes; and, even a later triumph, yellow fever is seen to approach its human victim through the same hosts; while, finally, it has been determined that bubonic plague, the scourge of the tropical east, is carried by the rat flea. Notwithstanding these recognized avenues of transmission in specific instances, many other and more common infections continue to travel from one to another by paths that we do not know.

Before the knowledge of cholera transmission by water, it would have been considered a scientific contribution to the subject to have demonstrated the absence of cholera germs in 24 samples of water taken at random, some of which perhaps were dirty; but to-day we know that the bacteriological study of water for evidence of cholera will usually demonstrate the avenue of infection only when and where cholera is prevalent. Similarly, it would be a matter of the greatest surprise if the examinations of 24 or many more samples of water or food for typhoid germs revealed their presence, even if the water or food was dirty and offensive. Likewise, the most diligent search of 24 or more mosquitoes for malaria or yellow fever bacillus in all probability fail to show a single malarial plasmodium or yellow fever bacillus. In the same way, hundreds of rat fleas might be caught and made to bite guinea pigs or rats without the production of bubonic plague in a single instance. Do any of these negative observations disprove or discredit in the least degree our present views on the origin of the various diseases whose avenues of infection we have mentioned?

By what privilege then does our scientific friend, Warren W. Hilditch, of the Sheffield Laboratory of Bacteriology and Hygiene, Yale University, claim in The Popular Science Monthly of August, 1908, even the least knowledge of the transmission of disease by money from the bacteriological study of 24 bills, "the dirtiest I could obtain from various sources, such as railroad, trolley, and theater ticket offices, banks, drug stores, and individuals in different parts of the State?" When the facts of the transmission of cholera and typhoid by drinking water were discovered it was not by the demonstration of the corresponding germs in water, dirty or otherwise, which was taken at random. Indeed, these demonstrations were the last and most difficult steps in the whole chain of evidence and were only successfully directed to water known to have been closely associated with epidemic outbreaks of the disease. By what reasoning, then, may we expect any more ready demonstration of infected money and why should not the same outside evidence of the possibility of infection guide us in the selection of money samples to be examined? Likewise, the demonstration of malaria in mosquitoes and bubonic plague in fleas was the last, not the first step in the chain of evidence, proving the avenues of infection of these diseases. The possibility and even the probability to a high degree were previously established by other evidence so that the material examined was advantageously selected.

Precisely as with cholera and typhoid the examination of water casually selected offers practically no opportunity of proving the transmission of these diseases by the demonstration of their specific infective organisms in the samples; exactly as with malaria, yellow fever, and bubonic plague the examination of mosquitoes and fleas selected at random offers no promise of proving the transmission of these diseases by

these hosts; so the examination of 24, of 240, or even of 2,400 bills not selected with intelligent appreciation of the opportunity for infection will contribute nothing at all to the solution of the transmission of infection by dirty money.

Great saving of human suffering and even life has resulted from triumphs referred to; likewise, the closing of other avenues of infection will certainly act as a prophylactic measure in regard to other infections. It is particularly desirable to discover the transmitting media of the more common but no less fatal organisms, such as the germs that infect the respiratory passages, notably the germs of colds, grip, diphtheria, pneumonia, and tuberculosis. It is probable that the avenues of transmission of these germs are limited as are those of the diseases already discovered. It is, therefore, much more difficult to demonstrate the exact part that any particular avenue plays in the transmission. That dirty money, which, according to Mr. Hilditch, of the Sheffield Laboratory, Doctor Park, of the Research Laboratory of the Board of Health of New York, found to be "similar to other paper and rags and capable of carrying living tubercle and diphtheria bacilli for some days or longer," plays an important and unfortunate part in such transmissions is not only highly probable, but is rendered more so by the very conditions found by Mr. Hilditch on the 24 bills selected by him from various sources, none of which is known to have had any direct connection with infectious material.

Examinations of drinking water for the agents of cholera or typhoid infection is so laborious and negative results are of such uncertain value that bacteriologists do not ordinarily make use of the direct isolation and identification of the specific germs of the disease in determining the purity of a given water, but rather look for indirect evidence of pollution which may be determined with more certainty and which is accordingly of greater negative as well as positive value. This evidence ordinarily consists of the identification of the colon bacillus, the recognition of which is certain and the presence of which signifies the contamination of the drinking water with material in which the colon bacillus is a normal inhabitant, namely, with human or animal waste. The demonstration of colon bacilli then constitutes proof of pollution of the water in a way that makes the introduction of cholera and typhoid germs possible. Even if they are not present, the way is open for their introduction at any time and the water is accordingly unfit for consumption.

It is desirable, it seems to me, to apply precisely the same principles to money. Mr. Hilditch has demonstrated that the average number of bacteria in each of 21 bills was 142,000, while by far the most common forms present were the varieties of the pyogenic staphylococcus. These organisms were not in possession of their full virulence but merely produced a more or less local reaction, on guinea-pig injection, with swelling of the lymph glands of the groin. Their constant presence on money is certainly of greater significance than merely indicating the exposure to the bacterial contamination of the air; they clearly indicate that the money has been contaminated by handling and without regard to the virulence or the danger of infection to which these particular organisms themselves expose those who receive the money, they establish beyond question the most fundamental and significant fact for scientific demonstration, viz, that money is a medium of bacterial communication from one individual to another.

Upon the question of the communication of highly infectious organisms, scientific evidence should now be sought by competent examinations of money known to have been exposed to sources of such contamination. It is not enough to know that much of the money in circulation is merely dirty; it should be known whether it is or is not a medium of the transmission of disease where such disease exists to be transmitted. From the contributions of Mr. Hilditch it appears that the handling of money infects it; from the observations of Doctor Park it appears that the germs of diphtheria and tuberculosis may live on bills infected by these germs for several days or longer. It seems but a step, then, to the final demonstration of the actual transmission of these and similar diseases by money in circulation and to the prevention of each spread of disease by the proper measures to eradicate such possibilities.

Now, there is a strange thing connected with this. I had a hearing when I came to the committee several years ago and I took this up with the Secretary of Agriculture. He had a number of coins examined, but I could have told him, without his making any examination at all, that the metal of coins kills bacteria, some kinds of metal being more effective than others; for instance, a copper coin will kill the bacteria much quicker than a gold coin will. But they will all kill the bacteria within a few hours. It is safe to say that metal money does not transmit the bacteria, but that they are trans-

mitted by paper money is evident. Of course it is a matter of national pride that we should have clean and not filthy money. Before I wrote this bill I took this matter up with the Comptroller of the Currency, then Mr. Ridgely, and told him that I wanted to make this legislation work. He said, "Well, if you will relieve the Government of paying the express charges on the bills they will come back very fast. The practice is now for the banks to keep the bills until they get enough—the Government pays the charges one way—then make a large express bundle and send them back; but if the Government will pay the expressage both ways the banks will send them in every little while, once a week or every two weeks"—and that is about all of the argument there is in the case.

Mr. McMOHRAN. Have you any idea as to what the transportation charges would amount to?

Mr. WILEY. Mr. Ridgely estimated at that time that it would cost about \$100,000, including the printing and issuing of the new bills. Since then I have looked into it and I find that it will not cost so much. Here is a letter that I also wish to read. It is written by the man who wrote the article that I have just read to the committee, Mr. A. Cressy Morrison [reads]:

CHICAGO, February 8, 1910.

I inclose herewith reprint of an article on the "Transmission of disease by money," written by me and published in the Popular Science Monthly for this month. It seems to have stirred up very considerable interest in the public press, as you have perhaps noticed, which demonstrates that it is live news.

I find that there has been a rapid increase in the redemption of United States currency at the United States Treasury. The number of certificates redeemed during the fiscal year 1908 was 172,000,000, face value of \$365,000,000. In 1909 the number was 194,000,000, face value of \$772,000,000, an increase of 12.9 per cent for 1909 over 1908. For the first quarter of the fiscal year 1910 the number of pieces redeemed was 49,000,000, which is an increase of 8,000,000 over the similar quarter of 1909, showing that 19.6 per cent was redeemed, as compared with the previous year. The national bank notes, which, you will understand, form an additional currency (the previous figures being given for United States currency), show a remarkable increase in redemption. The amount received for redemption by the Treasury was \$461,500,000, which exceeded by \$112,000,000 the largest sum ever presented for redemption in any year. The redemptions were 47.80 per cent of the average amount of the notes outstanding during the year, which was \$980,000,000. The total number of notes redeemed was 47,000,000 separate bank notes.

While some of this increased redemption in both notes may be attributed to the increased use of currency, the percentage redeemed largely exceeds the percentage of increased currency, so that it can be truthfully said that the movement for "clean money" is bearing fruit as shown by the Treasury record, which is absolutely the barometer of the movement.

As I explained to you in a previous communication, I feel that you should give some publicity to the reprinted article which I inclose and to the facts which I have given you above, which have not as yet been stated publicly and which are taken from the annual report of the Treasurer of the United States.

Should you desire further information regarding me, I respectfully refer you to the chairman of the committee of 100 on public health of the National Health League, New Haven, Conn., of which I am an active member.

Yours, very truly,

A. CRESSY MORRISON.

Mr. GUERNSEY. Mr. Wiley, speaking of a tangible instance, something that I think some members of the committee knew of before, but the Guilbert National Bank, in my county in Maine, some few years ago received deposits from some Canadians who came down from a smallpox camp. Within the time in which the disease can be developed the cashier was stricken with smallpox, and had to be confined to the pesthouse.

Mr. WILEY. Yes; and the fact that they have found this bacteria is evidence enough to me that there ought to be some way of suppressing it.

Mr. McMORRAN. We have had some chemists before us.

Mr. PUJO. We had Doctor Darlington, of the board of health of New York, before us. But I wanted to ask Mr. Wiley this question: Could not these bacteria be transmitted—perhaps not so easily—upon clean money as upon bad money?

Mr. WILEY. No; because the more the money circulates the greater the chances of carrying bacteria. Of course, if it circulates from you to me, perhaps I would not get any at all, but if it should be passed over to some less cleanly person or to some man from an infected place, then, the more hands that it passes through the greater the liability of dangerous infection. My idea in this is, as I say, to have clean money issued by the Government.

Mr. GUERNSEY. Under the provisions of this bill, if the bills went out from Washington during the day and were returned to the Treasury the next day, the Treasury would have to have them destroyed?

Mr. WILEY. Yes.

Mr. GUERNSEY. So that would apply to clean money as well.

Mr. WILEY. That is true; that is one phase of it, and there is no way to avoid it. But that would be a trifle, and the chances are that a bill would not find its way back to Washington in one day. But in the West and South, where they keep money for a long time and where it is handled a great deal, it is a long time before it finds its way back to the Treasury. I remember that I received a bill while I was out on the Mississippi River trip, a dollar bill, just hanging together and so worn that it was hard to determine whether it was a figure 2 or a figure 1, and I could not tell until I had looked at it very closely. It was a filthy bill in every way.

Mr. McHENRY. Under section 2 of the bill you provide for repealing that portion of the national-bank act which provides for an assessment on the national banks for the expenses of returning bank notes to the Treasury for redemption. What additional cost would there be to the Government in order to carry out that provision? Have you made any computation along that line?

Mr. WILEY. The Government pays for the transportation one way now and the bank pays it the other.

Mr. McHENRY. Do you know what the present assessments on national banks for expenses of returning bank notes to the Treasury are?

Mr. WILEY. It is half and half, the bank paying it one way and the Government the other. I want to stimulate the banks in their return of the money, so that it will not be hoarded up. Of course anywhere in the large cities, especially in the East, you nearly always get clean money, and around Washington that is the case particularly, because it comes right from the Treasury, but in the South and in the West, and in the outlying districts, there is an entirely different situation.

Mr. McHENRY. Do I understand that in a former statement it was said that the probable cost to the Government would not exceed \$100,000?

Mr. WILEY. That was what Mr. Ridgley told me, and that included the printing of the notes and everything else. Of course that is comparatively trifling. The printing of the notes is simply the cost of the paper and the cost of printing.

Mr. McMORRAN. Does not the information that you introduced in the record indicate that the increase in the sending back of money to Washington is growing every year?

Mr. WILEY. Yes; that is the case.

Mr. McMORRAN. Will it not cure itself?

Mr. WILEY. No; I do not believe it will. I think it will cure itself in the inlying districts, but in the outlying districts, where there is the most danger, I do not believe there will be any great amount of benefit.

Mr. McMORRAN. I see that you show an increase last year of the number of notes of United States currency redeemed of over \$100,000,000, and the amount received for redemption by the Treasury of national-bank notes last year was \$461,000,000.

Mr. WILEY. Yes; about 67.80 per cent of the amount of notes outstanding during the year.

Mr. McMORRAN. Have you read the information given to the committee by the board of health of New York?

Mr. WILEY. I have not read it; no. I glanced over it, but I did not read it with care. But my recollection is that it was negative testimony; that is, that upon the bills that were examined they did not find bacteria to any extent; but what I want, and what I think is of value to the committee, is positive testimony.

Mr. McMORRAN. That is the impression that I received, but I had forgotten the details.

Mr. WILEY. I don't think they took the trouble to go ahead with it. Doctor Wiley told me that if I would send him some bills he would examine them with pleasure.

Mr. PUJO. In this connection a letter was received from the Treasury Department, signed by H. A. Taylor, Acting Secretary, and dated June 5, 1906, forecasting the probable increase in return of bills unfit for circulation. The Acting Secretary said:

I estimate that the passage of the Fowler bill would cause 25 per cent more currency to be redeemed than is redeemed under existing law. This estimate is based upon the fact that during the years 1882 and 1883 appropriations were made by Congress for the specific purpose of retiring unfit United States paper currency, and under these conditions the return of currency to the Treasury increased about 25 per cent.

Mr. Wiley, has your attention been directed to the provision of law carrying these appropriations in 1882 and 1883?

Mr. WILEY. No. Now, I think there is another thing. You might call the attention of the Comptroller of the Currency to some saving in clerical work which would take place in this way: They inspect these bills and decide what are to be thrown out and what are not. That undoubtedly requires considerable clerical help, and if this bill should pass those clerks would not be required.

Mr. HEALD. Those are counters.

Mr. WILEY. Yes, they inspect bills and see what are to be reissued again.

Mr. HEALD. I do not believe you could do that, because they sort the notes according to the banks, and keep an account of each bank. The notes come in in bulk, and it is necessary to separate them and to put each bank's separate notes by themselves.

Mr. WILEY. Yes; they credit the bank with them in bulk now under this arrangement.

Mr. HEALD. I know; but they have, further, the redemption fund of the bank which is to redeem their own notes; and each bank has its notes separated and charged up to it; then the notes are destroyed, and new ones are returned to the bank, and they are notified to replenish their reserve fund against which it has been charged.

Mr. WILEY. Do you think it would take as many clerks?

Mr. HEALD. Yes; possibly it would. This bill, Mr. Wiley, does not provide that anybody but the banks shall return them.

Mr. WILEY. No; but an individual could go to a bank, I suppose.

Mr. HEALD. Without reading the bill very carefully, I see under section 3 that there is a provision to the effect that first and second class postmasters shall return currency, when unfit for circulation, to the Treasury for redemption.

Mr. WILEY. I did not put that in, but I would be glad to have the committee thrash this matter out. I do not claim that the bill is all right in every particular; I have no pride about it, and I am perfectly willing that any gentleman on the committee should take the bill and call it his bill if he chooses, any way that we may get it up.

Mr. HEALD. There is another feature which struck me. You know that these notes are returned by express. Have you any idea whether that could be facilitated and cheapened by returning them by registered mail?

Mr. WILEY. I thought of that.

Mr. GUERNSEY. How do the postmasters return theirs?

Mr. HEALD. They do not return them; they deposit them in national banks which are United States depositories. They do that directly.

Mr. GUERNSEY. But do they not have to transmit them to the depositories?

Mr. HEALD. The depositories are banks in their own towns.

Mr. GUERNSEY. I know; but there are very few depositories scattered around.

Mr. HEALD. But a bank which is located in a town other than those furnished with depositories sends the money to the nearest postmaster in a depository town.

Mr. GUERNSEY. How does it do that?

Mr. HEALD. By registered mail. All of the banks throughout the State of Delaware, excepting those in towns where there are depositories, send all of their packages by registered mail to the postmaster at Wilmington, and then he gives them credit and charges himself and deposits in the depository at Wilmington.

Mr. GUERNSEY. With that done, your suggestion would be that they could just as well send by registered mail to Washington?

Mr. HEALD. Yes.

Mr. WILEY. I should think that that would be a good idea.

Mr. PUJO. In the communication that I read over a moment or two ago I would direct the attention of the committee to the following paragraph. The Acting Secretary of the Treasury, in analyzing the several bills referred, spoke of House bill No. 14022, and said:

Of the other two bills, House bill 14022 is much simpler and better adapted to the purpose intended. It provides for transmission to the Treasury of money for redemption by registered mail without the payment of postage or registration fees, and for the return of new currency in exchange for the paper currency redeemed in like manner without postage or charge for registration. Presumably the bill intends to make the shipper responsible for the safety of the currency until it reaches the Treasury, and to relieve the Treasury from responsibility for loss as soon as the new currency is placed in the registered mail. This would leave the banks to protect themselves against loss by insurance, and the cost of such insurance would be the only charge remaining on the banks in connection with the obtaining of new currency for old.

Now, Mr. Wiley, what would you think of a provision of that kind?

Mr. WILEY. I think it is an improvement on the bill, decidedly; then it does not require any change. My bill reads: "And the Government of the United States shall pay the transportation charge to the Treasury for redemption of all paper issued directly by the Government." It does not say how it should be sent.

Mr. McMOBBAN. I think the expense of sending by registered mail is about one-third less than express charges.

Mr. HEALD. Express charges are according to distance; and you can send money from the West by registered mail and insure it for much less than half the rate charged by express, and that is the accepted method of shipping—it is out in Montana, I know—because it will save at least half of the expense.

Mr. McHENRY. Perhaps it might be well to put in this bill something authorizing a system of cancellation by postmasters, and thus obviate the necessity of transmission. If all these bills are to be destroyed as soon as they come in, it would save just that much work. If they are lost in transmission by robbery, or otherwise, they are still in circulation, but if there should be some method of cancellation authorized in post-offices, some sort of a punch-mark, or something of that kind, it would obviate all of this expense of insurance and loss in transmission.

Mr. HEALD. Yes; a postmaster could cancel them, and could notify the Treasury Department that he had canceled certain notes.

Mr. McHENRY. Certain notes, yes.

Mr. WILEY. I think it is a good idea.

Mr. HEALD. Then if lost in the mail they would not be marketable.

Mr. PUJO. Could they be destroyed in a local bank in some manner?

Mr. WILEY. I do not believe the Treasury Department would stand for that.

Mr. PUJO. I mean just have a stamp, or perforate it, put a perforation upon it, or the word "canceled," and then send to the department.

Mr. HEALD. Yes; then sent here to be macerated.

Mr. WILEY. It might be well to add another clause to the bill to to that effect. I think that would be an excellent thing to do.

DR. ELMER LEE,
127 WEST FIFTY-EIGHTH STREET,
New York, February 24, 1905.

GENTLEMEN: Just one word on the subject of danger of disease from soiled paper money.

The actual danger is about as great as the old idea of planetary evil influences upon human life and health. Both are invented to scare the weak and credulous, and both may be laid forever on the shelf, where they will not annoy women, children, and others.

Very truly, yours,

ELMER LEE.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 5, 1906.

DEAR SIR: Replying to your letter of May 8, 1906, making various inquiries about House bills 3030, 5392, and 14022, known as clean-money bills, I give you herewith answers to your various questions which I trust will meet your requirements.

First. You ask whether the Treasury Department has had any experience or has any facts in its possession which tend to prove or disprove the belief that the currency of the country is a good vehicle of contagious diseases.

Taking the experience of the Treasurer's office, the Currency Division of the Register's office, and the Division of Loans and Currency of the Secretary's office, it does not appear that there is any positive evidence obtainable in this department showing that mutilated paper money has been the cause of any contagious or infectious diseases among the persons handling the same in this department.

Second. You request a statement of the number of bills of each form of our paper currency outstanding, approximately the number of the different bills of each kind, including national-bank notes, canceled and destroyed by the department during the last year, and the number of bills replaced by new issues of each kind.

In answer to these questions I inclose a table furnished by the Treasurer of the United States containing all the information asked for.

Third. You request a statement of the cost of issuing a new bill, giving the items separately, so as to show the cost of paper and the cost of printing.

A careful estimate of the cost of United States paper money, per note, is as follows:

Cost of paper.....	\$.00149
Cost of printing.....	.01015
Cost of sealing, separating, bundling, and issuing.....	.00189
Cost of redemption.....	.00262
Total.....	.01615

The cost of national-bank notes is as follows:

Cost of paper.....	.00149
Cost of printing.....	.01015
Cost of issuing.....	.00137
Cost of redemption.....	.01157
Total.....	.02458

It will be observed that the cost of redemption of a national-bank note is very much greater than the cost of redemption of United States paper money. This is due to the fact that in the redemption of national-bank notes the notes have to be assorted by banks of issue, which requires several handlings, while a single handling of United States paper money in the Redemption Division is sufficient to separate the various kinds of United States money into their various classes.

Fourth. You ask what additional expense the operation of either of the three bills above referred to would impose upon the Government.

The expense incurred on account of United States paper and bank-note currency for the fiscal year 1905, based upon the number of pieces handled and the cost per note, as set forth, was as follows:

Cost of preparing and issuing new United States paper money, 169,259,812 notes, at \$.01353.....	\$2,290,085.26
Cost of redemption of United States paper money, 158,734,031 notes, at \$.00262.....	415,883.16
Total cost of issuing and redeeming United States paper money.....	\$2,705,968.42
Cost of issue of national-bank notes, 23,359,314 notes, at \$.01301.....	303,904.67
Cost of redemption of national-bank notes, 19,178,001 notes, at \$.01157.....	221,889.47
Total cost of issuing and redeeming national-bank notes.....	525,794.14
Grand total.....	3,231,762.56

The cost of redeeming national-bank notes as given in the above table, \$211,880.47, is reimbursed to the Treasury by the national banks. The number of notes actually handled by the National Bank Redemption Agency is more than 7,000,000 in excess of the number redeemed. This excess consists of notes good enough for additional circulation and therefore returned to the banks of issue. The cost of handling these notes, about \$68,000, is also reimbursed to the Government by the national banks.

House bill 3039 would deprive the Government of reimbursement by the national banks of the sums now received from them on account of issue and redemption of national-bank notes. It would also prevent the return to national banks of such of their notes as are fit for circulation. It would also prevent the Treasury Department from reissuing the different kinds of United States paper money received into the Treasury which are fit for circulation.

Of the other two bills, House bill 14022 is much simpler and better adapted to the purpose intended. It provides for the transmission to the Treasury of money for redemption by registered mail without the payment of postage or registration fees, and for the return of new currency in exchange for the paper currency redeemed in like manner without postage or charge for registration. Presumably the bill intends to make the shipper responsible for the safety of the currency until it reaches the Treasury and to relieve the Treasury from responsibility for loss as soon as the new currency is placed in the registered mail. This would leave the banks to protect themselves against loss by insurance, and the cost of such insurance would be the only charge remaining on the banks in connection with the obtaining of new currency for old.

In my opinion this is an entirely proper provision, and I do not think the cost of insurance would prevent the banks from supplying the country with reasonably clean currency.

As to the extra cost to the Government under the provisions of the Fowler bill, there would be, first, the cost to the Post-Office Department of handling old and new currency without compensation either for registration or postage; second, there would be the increased cost to this department of preparing, issuing, and redeeming the increased amount of currency of the various kinds which would naturally follow the passage of any clean-money bill. It is impossible to estimate with accuracy what the increased demand would be. For your information, however, I estimate that the passage of the Fowler bill would cause 25 per cent more currency to be redeemed than is redeemed under existing law. This estimate is based upon the fact that during the years 1882 and 1883 appropriations were made by Congress for the specific purpose of retiring unfit United States paper currency, and under these conditions the return of currency to the Treasury increased about 25 per cent.

Should the volume of issues and redemptions increase 25 per cent, the work could be accomplished at a less proportionate cost per thousand pieces. I estimate the increased cost of a 25 per cent increase as follows:

For issues.....	\$560, 251. 30
For redemptions.....	46, 050. 00
Total increase.....	606, 301. 30

Very truly, yours,

H. A. TAYLOR, *Acting Secretary.*

HON. W. A. CALDERHEAD,
House of Representatives.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C., February 26, 1910.

HON. WILLIAM H. WILEY,
House of Representatives.

DEAR SIR: Your letter of February 23, addressed to Doctor Stiles, of the Bureau of Chemistry, relative to the number of bacteria on paper money, has been referred to this office.

In reply I beg to advise you that several years ago an examination was made by the Bureau of Animal Industry of a \$1 Treasury note, with a view of determining the number of organisms thereon.

The note used for the examination was obtained on February 3, 1904, from the United States Treasury, having been withdrawn that day from circulation. It belonged to series 1890, and hence had possibly been in circulation thirteen years.

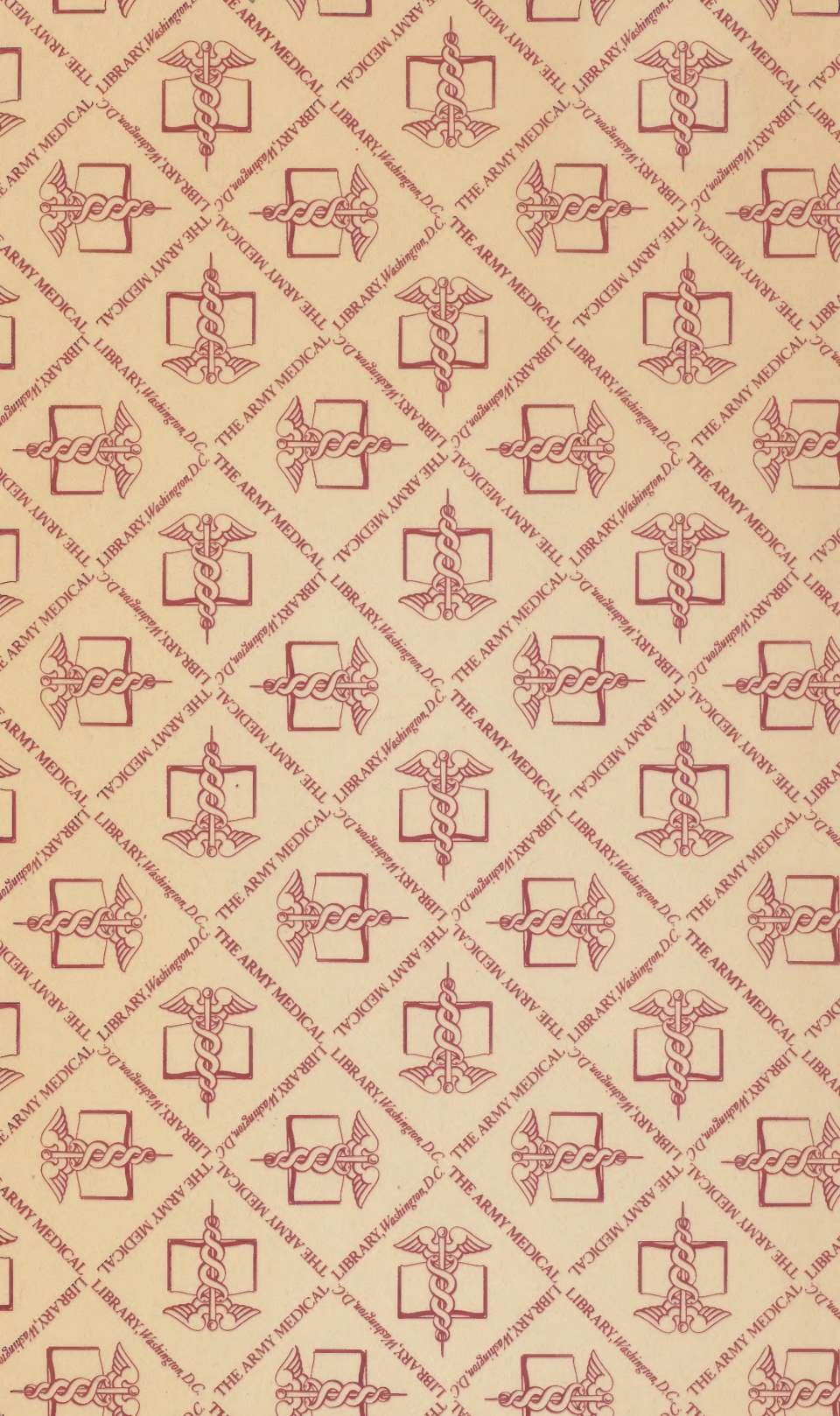
While the note looked very old and quite soiled, one often receives notes of even worse appearance in ordinary business transactions.

The note in question was subjected to the ordinary laboratory manipulations for determining the number of micro-organisms upon it which were capable of vegetation and development, and as a result of this examination it was found that there were 13,518,000 living micro-organisms present on the note. These consisted principally of the organisms known popularly as bacteria and fungi. No attempt was made to identify the different species, as, on account of the large number of organisms present, this would be a very long and expensive piece of work.

Very respectfully,

JAMES WILSON, *Secretary.*

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